

19 June 2019

Jeremy Miles AM  
Counsel General and Brexit Minister

Dear Jeremy,

### **Brexit preparedness in Wales**

A key strand of our Committee's work, since its inception, has been to explore issues relating to Brexit preparedness. This has included looking at the how public services are preparing; the implications of Brexit for our ports; and a look at how Brexit will affect key sectors such as health and medicines, and food and drink.

We continue to have deeply held concerns about the potentially damaging effects of leaving the European Union without a deal. We cannot endorse the proposition that 'no deal' is simply one of the options on a spectrum of potential outcomes with regards to Brexit. However, we are also mindful that whether we leave without a negotiated deal with the EU is not within the control of the Welsh Government. We therefore support proportionate actions taken by the Welsh Government, and others, to prepare for all Brexit scenarios including a 'no deal' outcome.

Following the decision to extend the Article 50 process to its new deadline of 31 October 2019, we decided to take evidence from the Welsh Local Government Association, the Welsh NHS Confederation, Universities Wales, and the Federation of Small Businesses. These sessions took place on **20 May** and **3 June 2019**. Furthermore, the Food and Drink Wales Industry Board, and Wales TUC submitted written evidence. We were also grateful for the opportunity to discuss a range of issues, including Brexit preparedness, with you during our session on 3 June 2019.

We write to offer the following views and to seek more information from you on a number of matters.

### **General preparedness and Operation Yellowhammer**



In evidence to the Committee on 3 June you highlighted that the Welsh Government had undertaken a lessons learnt exercise in relation to its preparations for the UK leaving the EU. What were the key messages emerging from this exercise, what gaps were identified from it, and what actions are you taking to address these?

We note that Operation Yellowhammer was stood down on 11 April 2019. The Institute for Government has **recently noted that civil service turnover and fatigue** may have implications for 'no deal' planning within the context of the new deadline. What levels of staff turnover has the Welsh Government experienced in relation to Brexit preparedness and 'no deal' planning?

### **Continuity of supply chains**

The Welsh Local Government Association told us that, while local government can assure itself to a certain extent in relation to services delivered by contractors, factors beyond its control in relation to continuity of supply chains may lead to contract failure particularly in the event of a 'no deal' Brexit. What is the Welsh Government doing to assist the devolved public sector in mitigating against this possibility under a 'no deal' scenario? It would be helpful if you could indicate any assessment of the resources required (both human and financial) should this scenario transpire.

Similarly, the Food and Drink Wales Industry Board stated that there are risks to the industry in relation to supply chains and furthermore highlighted the fact that information they have received suggests that only a third of exporting businesses had the necessary EORI certificate in advance of the original Brexit deadline. What action is the Welsh Government taking to improve awareness of the need for EORI certificates among Welsh businesses?

### **Communications**

We note the comments of stakeholders that communication on the part of the Welsh Government has improved over the last six months in the run-up to the original 29 March 2019 deadline. However, we also note that given the ongoing uncertainty and the new potential cliff-edge on 31 October 2019, that many of the communication challenges previously identified will remain. We would welcome more information on how the Welsh Government plans to ensure that its messaging on preparing for a 'no deal' Brexit is clear and consistent, and that it avoids the risk of business and people being less prepared for this scenario at the end of October due to the perception that it will not happen?



Similarly, the Federation of Small Businesses Wales told us that they found that very few businesses were actively undertaking preparations for a 'no deal' Brexit, partly as they were unsure what exactly they needed to prepare for. Does the Welsh Government have any plans to assist them further in preparing for this scenario, building on the work done through the Business Wales Brexit portal, the Development Bank of Wales, and the Preparing Wales website? Furthermore, would you be able to provide the latest figures on use of the Preparing Wales website and Business Wales Brexit portal?

### **EU funding**

Universities UK told us that they still lack clarity in relation to practical implications of a 'no deal' Brexit for EU funds. What discussions has the Welsh Government had with HM Treasury on how its underwriting of EU funding schemes such as Horizon 2020 and Erasmus+ will work in practice?

Additionally, in evidence to the Committee on 3 June your official stated that the Welsh Government is preparing for participation in future EU programmes and other EU activities should there be a further extension to Article 50. What activities are you undertaking as part of this preparation?

### **EU Settlement Scheme**

In its submission, Wales TUC highlighted concerns relating to the EU Settlement Scheme and its implications for EU/EEA nationals living in Wales. We note these concerns and will be looking at options for progressing our own work in this area before the Summer Recess.

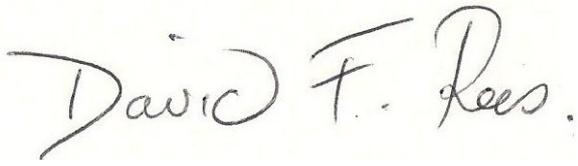
### **No deal legislation**

We understand that work to correct deficiencies in EU legislation is largely completed, however, we are less clear on what additional legislation might be needed to address the potential implications of a 'no deal' exit. Are you able to give us an indication of what additional legislation may need to be passed by the Assembly to deal with any practical issues identified as part of 'no deal' scenario planning?

A copy of this letter will be sent to all those who gave evidence to us as part of our work on preparedness.



Yours sincerely,

A handwritten signature in black ink on a light yellow background. The signature reads "David F. Rees." in a cursive style.

David Rees AM

Chair of the External Affairs and Additional Legislation Committee

*Croesewir gohebiaeth yn Gymraeg neu Saesneg.*

*We welcome correspondence in Welsh or English.*

